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OUTCOME STATEMENT OF THE GLOBAL DIALOGUE

Enabling Indigenous Peoples and Local Communities to Engage in and Benefit from Results-Based Climate Finance

San José, Costa Rica, November 6–9, 2023[†]

We, the Indigenous Peoples (IPs) and local communities (LCs) of Africa, Asia-Pacific, Latin America, and the Caribbean, came together to discuss the rapid development of carbon markets and carbon crediting on our lands and in our waters and forests. We expressed deep concerns over the limited engagement of our people and leaders in the decision making, design, implementation, monitoring, and assessment of REDD+, carbon crediting, and similar national carbon initiatives, which has inhibited our access to carbon and noncarbon benefits and threatened the safeguarding of our rights and our sustainable, nature-based practices and climate-friendly way of life.

We urge the planetary leaders to stand with us in recognizing, protecting, and advancing our rights, which are the foundation and key condition to enable us to continue to preserve a healthy, livable planet. To address climate change impacts and the survival of ecosystems and humanity, we, as custodians of the planet, call for commitment to a human rights–based approach to all climate financing mechanisms, including on REDD+ and other carbon crediting initiatives, allowing us to fulfill our role as full partners, leaders, and owners.

The REDD+ Readiness collaborative initiatives of the World Bank under the Forest Carbon Partnership Facility (FCPF), active in more than 40 countries since 2011, helped create unique spaces for open dialogue between IPs, LCs, and governments to build mutual trust and create a cadre of Indigenous experts on REDD+, who have since been vocal at national, regional, and global levels. Our participation in discussions and decision making during our countries' Readiness Stage helped shape our countries' approach to carbon markets. These spaces for open dialogue should not be shrinking—as they now are in many countries—at a time when governments are entering a phase of results-based or carbon payments. These unique open dialogue spaces should be expanding and deepening to facilitate viable, equitable, and sustainable climate change action and outcomes.

STRATEGIC PATHWAYS

We defined three strategic pathways for REDD+ and carbon crediting to go beyond merely mitigating risks and safeguarding us, to grounding our rights and inclusion as full partners.

1. Enable us access to direct climate finance and benefit sharing for our resilient custodianship

Recognizing, respecting, and empowering Indigenous and customary systems of governance should be an overarching priority, such that IPs and LCs develop their vision and design their “life plans” separate from the immediate pressure of climate-related initiatives or projects. IPs and LCs need to be supported in strengthening and maintaining functioning systems of self-governance and decision making, including legitimate, traditional institutions and authorities, to represent territories with external actors. Indigenous and customary governance systems are key to sustaining custodianship of territories and communities. IPs and LCs have borne the burden of carbon sequestration and the price of mediating their relationships and way of life in their territories and communities. Direct access to climate financing and fairer benefit sharing mechanisms are necessary to sustain the resilient custodianship of a livable planet.

2. Develop safeguard systems that go beyond “doing no harm” to “doing better”

Such systems should include ownership, design, and monitoring of safeguards by traditional, customary, and Indigenous institutions to deliver equity, social inclusion, and sustainability.

3. Significantly scale investments to IP and LC territories and communities

It is unclear where financing intended to support IPs and LCs in their role as custodians of natural resources, forests, and waterways is channeled and how it is used. It is imperative that direct financing of IPs and LCs be significantly increased—through such mechanisms as Indigenous Funds, territorial funds, and the World Bank’s EnABLE Trust Fund—to ensure that financing goes beyond the 15 FCPF Carbon Fund countries. These funds, and others such as the Green Climate Fund (GCF) and Loss and Damage Fund, should offer opportunities for direct finance for IPs at national, regional, and global levels given diverse needs and interventions at policy-making and territorial levels.

KEY THEMES

1. Providing direct access to financing, benefit sharing mechanisms, and carbon/noncarbon benefits

Often, IPs and LCs do not participate in the design of and decision making around the climate financing and benefit sharing mechanisms that affect their lives. Consequently, the allocations, conditionalities, and benefit sharing mechanisms cannot benefit IPs and LCs. In order to achieve equity, benefit sharing mechanisms need IPs and LCs as proponents, partners, and owners. Fundamentally, benefit sharing must include recognition of and respect for IPs’ and LCs’ land and resource rights and legitimate representation.

Pathways and entry points for action:

- **Empowering Indigenous and community governance systems.** IPs’ and LCs’ governance systems must be empowered and recognized in order to lead their engagement in technical and financial discourse on climate change. For example, REDD+ and carbon crediting initiatives must be developed, implemented, monitored, and reported in continuous consultation and negotiation with legitimate representatives and governance systems of territories and communities. Resources and support are needed to empower traditional and community governance systems to engage in these processes.

- **Designing carbon crediting and benefit sharing initiatives with IPs and LCs as leaders, owners, and partners.** Recognition of and respect for customary and resource tenure rights is the foundation of transformational decentralization of REDD+, national carbon crediting initiatives, and benefit sharing mechanisms. This will

facilitate investments in capacity building, social and environmental development priorities, and fairer payment allocations, while promoting pragmatic collaboration to foster peacemaking and broader development outcomes.

- **Providing climate financing with longer life cycles.** To sustain the custodianship of a livable planet and build human and institutional capacity to participate in climate change discourse and practices, financing to IPs and LCs needs to be scaled with longer funding cycles. This will align projects with IPs' long-term visions. It is a necessary precondition for creating and revitalizing life plans and empowering required community and territorial governance structures. Longer time cycles will facilitate the explicit inclusion of women, youth, and those with disabilities in community planning and governance structures.
- **Partnering with governments.** Early dialogues and agreements with governments are necessary to install national climate policies, priorities, and actions that include IPs and LCs. Early dialogues will enable a collaborative and targeted process for partnership in such areas as establishing nationally determined contributions, national climate action plans and funding mechanisms, and national legislation and regulations on climate change and carbon markets.
- **Establishing direct access to climate funds for IPs and LCs.** The processes and requirements for IPs and LCs to gain direct access to climate funds need to be simplified to make them more accessible, with funding channeled directly to recognized and legitimate organizations within IP and LC groups. This would allow IPs and LCs to form their own organizations and technical teams to engage in carbon markets effectively.
- **Aligning funding agencies' access modalities with applicable IP and LC safeguards and related policies.** Funding agencies must align their requirements and criteria with applicable safeguards and protection standards related to IPs' and LCs' rights. This may include selection processes, qualifying requirements, and monitoring and evaluation procedures. Donor climate financing should include Indigenous experts to advise on the alignment of projects to ensure adherence to safeguards, norms, and procedures established by IPs and LCs.

2. Enabling direct representation and participation in consultations, decision making, and action

The inclusion of IPs, LCs, and other marginalized groups, including women and youth, should not be based on their mere participation or being beneficiaries, but on their acting as leaders, partners, owners, and rights-holders. This includes engaging in decision-making processes and capacity building in the spirit of self-determination.

3. Ensuring safeguards and free, prior, and informed consent

Progress has been made in developing standards and procedures in the application of safeguards and free, prior, and informed consent (FPIC) in REDD+ operations. With the support of the World Bank, several countries have adopted legislation on applying safeguards; this is rarely implemented, however, if it is not required by donors or is implemented simply by "checking a box." Safeguards and FPIC could play an important role in going beyond "doing no harm" to "doing good" and "doing better." Projects need committed levels of resources for safeguards, including FPIC, based on needs identified by IPs and LCs.

Pathways and entry points for action:

- **Establishing IPs' ownership of safeguards.** Safeguard systems must be rights-based; designed and implemented by and with Indigenous rights-holders; and based on the local landscape and political, cultural, and demographic context. Safeguards and FPIC methods should not be imposed by external parties but instead be defined and implemented by IPs.
- **Ensuring appropriate and consistent implementation of safeguards.** The application of safeguards should not be voluntary but required, and implemented at the territorial and community levels, including clear and uniform standards and guidelines in harmony with customary territorial processes and practices.

The legal formalization of rights is the strongest enabler of safeguard standards, along with their consistent application.

- Allocating the necessary resources, time, and capacities for the application of safeguards.

Proper preparation, implementation, and monitoring of safeguards and FPIC require resources and time. Thus, they should always be accompanied by sufficient funding and well-trained teams of multiple actors, including IPs, to raise awareness and understanding within communities, states, and partner agencies to implement and monitor compliance. Effective safeguards must be focused on territories and communities, and avoid undermining territories and communities by targeting individuals and groups. Financing safeguards should not be seen purely as the cost of managing risk, but rather as an opportunity to ensure long-term sustainability and facilitate transformational change.

4. Recognizing that capacity building is essential but needs to be two-way

Capacity building should not just be for IPs and LCs, but also for external partners—especially national government partners. Capacity building must strengthen governments' and other partners' understanding of Indigenous worldviews, and include respect for them, so that collaboration can proceed with integrity. IPs and LCs must define the kinds of capacity building they need, as well as how it should be delivered based on their unique circumstances.

Pathways and entry points for action:

- Developing management skills and technical capacities. It is important to build various skills among IPs and LCs, including negotiations, fundraising, financial management, and community monitoring and evaluation. It is essential that capacity is developed on climate change and the full spectrum of carbon initiatives, including concepts, processes, and methodologies; design and measurement; pricing, verification, and reporting; and how carbon markets operate.

- Ensuring transparency and community monitoring. Accountability to national and international climate targets, safeguard standards, and financial management is essential as an enabler of long-term sustainability, transformational impact, and the development and deployment of fairer and more robust benefit sharing mechanisms. A key objective must be for IPs and LCs to have the capacity to participate in and undertake monitoring for their territories and communities.

- Incorporating capacity building for governments and relevant partners. Governments often lack the capacity to understand IPs' and LCs' worldviews, life plans, traditional governance systems, and customary laws and practices. Gaps exist in understanding applicable safeguards and standards. Capacity building must be organized for governments and relevant partners, especially including the private sector, National Designated Authorities, and accredited organizations at the national level.

- Promoting the regional and transgenerational transmission of knowledge. IP and LC dialogues should continue to foster the development of real capabilities and a space for networking so that IPs and LCs can share their experiences and lessons learned at regional levels. Similarly, support for the transgenerational transmission of knowledge is needed at territorial and community levels.

